

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  INTERSTATE POWER AND LIGHT COMPANY	DOCKET NOS. WRU-03-12-150 PGA-03-12 (PGA-03-5) (PGA-03-10)
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**ORDER REQUESTING ADDITIONAL INFORMATION AND DOCKETING  
PURCHASED GAS ADJUSTMENT FILING FOR FURTHER REVIEW**

(Issued April 16, 2003)

On March 14, 2003, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) a request to waive the rebuttable presumption in 199 IAC 19.16(5), which applies to the reserve margin that will be considered reasonable when obtaining natural gas to meet demand. The waiver request has been identified as WRU-03-12-150. IPL had included the purchase of additional contract demand capacity in its February and March purchased gas adjustments (PGA), Docket Nos. PGA-03-5 and PGA-03-10, respectively. Board review of the two PGA filings indicated that the inclusion of the additional contract demand capacity could potentially exceed the standards in 199 IAC 19.16. On March 18, 2003, the Board docketed the February and March PGA filings for further review.

Subrule 19.16(1) authorizes a rate-regulated gas utility to maintain a reserve margin in excess of historic peaks and to recover the cost of the reserve in the PGA. Subrule 19.16(4) states that a reserve margin of 5 percent or less of the base period

demand will be presumed to be reasonable. Subrule 19.16(5) establishes a rebuttable presumption that all gas available to meet demand in excess of an amount needed to meet the base period demand plus the reserve is presumed to be unjust and unreasonable unless a factual showing to the contrary is made during the annual proceeding for review of gas procurement practices.

In support of the waiver request, IPL states that reserves should be evaluated on an individual pipeline basis using a design day firm gas peak forecast. IPL states that reserves cannot be shared between pipelines to serve customer demand and customers are put at risk if adequate reserves are not available.

IPL states that it reserves capacity to meet forecasted design day peak demand and not historical peak as contemplated rule 19.16. IPL also states that it has entered into several ten-year contracts with ANR Pipeline Company (ANR) and demand on the ANR pipeline has decreased.

Although IPL provides some information to support the waiver, the Board finds that additional information is needed. IPL will be directed to respond to the following questions:

1. Explain IPL's goals in purchasing contract demand for load on each of its pipelines, specifically addressing any differences in contract demand needs between pipelines.
2. Explain any differences in markets for contract demand between pipelines, specifically addressing the availability of differing increments of contract demand.

3. Explain IPL's rationale for purchasing the additional contract demand and how the additional purchases will benefit customers.
4. Explain whether and why the three recent purchases of demand on Natural Gas Pipe Line needed to be done in the amounts that were transacted.
5. Explain the operating parameters under which IPL's personnel perform when undertaking contract demand purchases. Include a description of the approval authority of each position.
6. State when each of IPL's contract demand agreements will expire.
7. Explain whether any of these contracts contain terms allowing reopening or renegotiation.
8. Provide IPL's historical peaks on each pipeline for each year since 1996.
9. Explain how each of IPL's design day forecasts was derived.
10. State whether IPL includes a reserve margin in its design day forecast and if so, how much.

IPL has filed its April PGA filing and the Board will docket it for further review. The April PGA filing has been identified as Docket No. PGA-03-12. The Board will continue to docket IPL's monthly PGA filings while it considers the request for waiver. After it has considered the additional information, the Board will determine whether a procedural schedule should be established for the docketed cases.

**IT IS THEREFORE ORDERED:**

1. Interstate Power and Light Company shall provide the information described in the above order within 15 days of the date of this order.
2. Docket No. PGA-03-12 is docketed for further review.

**UTILITIES BOARD**

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 16<sup>th</sup> day of April, 2003.